

Amend 2 Cal. Code Regs., Section 18360.2 to read:

§ 18360.2. Eligibility Requirements and Considerations for Ethics and Lobbying Violations
-- Streamline (Tiers One and Two), Warning Letters and the Political Reform Education
Program (PREP).

(a) General. If eligible, filers may voluntarily resolve violations of the Political Reform Act (the “Act”) by accepting a Warning Letter, completing the Political Reform Education Program (“PREP”), paying a Tier One Streamline penalty, or paying a Tier Two Streamline penalty., or paying a Mainline penalty.

(1) The Chief of Enforcement will determine the appropriate form and amount of penalty to offer in settlement for a violation depending on the circumstances unless an exclusion applies, in which case the Executive Director of the Commission, after receipt of a recommendation by the Chief of Enforcement, will determine the appropriate form and amount of penalty. Mitigating circumstances result in consideration of issuance of a Warning Letter or participation in PREP instead of a Streamline penalty or a Tier One Streamline penalty. Aggravating circumstances result in the consideration of either a Tier Two Streamline penalty or a Mainline penalty. A violation that is otherwise ineligible for PREP or a particular Streamline Tier may be considered for inclusion if another agency has already imposed a penalty or fee for the same violation. The Chief of Enforcement has the discretion to decline to charge particular counts after determining that an overall case is eligible for PREP or Streamline resolution.

(2) A Mainline penalty is generally higher, and the stipulation for a Streamline penalty need not include a full description of the violation(s) and surrounding events, but it shall include sufficient information to identify the specific violation(s) being charged and demonstrate why a Streamline penalty is appropriate under the terms of this regulation.

1 (3) Nothing in this regulation shall limit the authority of the Chief of Enforcement to
2 issue a warning letter where a violation of the Act is found but the seriousness of the offense is
3 low, public harm is minimal, or other mitigating circumstances are present such that a monetary
4 fine is not warranted. A Streamline stipulation may identify counts to which the respondent
5 admits liability without imposition of a monetary fine. Such a stipulation shall have the same
6 legal effect as a warning letter for purposes of determining whether a respondent qualifies for
7 PREP or either Streamline Tier for any subsequent violations of the same type.

8 (4) Nothing in this regulation shall limit the authority of the Commission to impose a
9 Mainline penalty for a particular violation under any Section of the Act or other regulations
10 relating to the Act, regardless of whether the violation is eligible for consideration of PREP or a
11 Streamline penalty, where the seriousness of the offense, the public harm, or other aggravating
12 circumstances are present such that a warning letter, participation in PREP, or a Streamline
13 penalty is not warranted.

14 (b) Types of Ethics and Lobbying Violations Eligible for consideration of a Warning
15 Letter, PREP, or Streamline penalty Resolution Under This Regulation.

16 (1) Late Statement of Economic Interests.

17 (2) Unreported Economic Interest(s) on a Statement of Economic Interests.

18 (3) Late Lobbying Reports.

19 (4) Unreported Lobbying Activity.

20 (5) Receipt of a Gift Over the Limit.

21 (6) Proper Improper Recusal for a Conflict of Interest.

22 (7) Late Behested Payment Reports.

23 (8) Unreported Information on a Behested Payment Report.

(c) Penalty Amount. Penalties are not issued for a Warning Letter or completion of PREP. The Streamline penalty amount for each type of violation is found in Regulation 18360.3.

(d) General Requirements for Eligibility, Considerations, and Exclusions.

(1) General Eligibility Considerations for Issuance of a Warning Letter:

(A) Low level of experience and sophistication of the party.

(B) Self-reported violations before public discovery.

(C) Violations resulted in minimal public harm.

(D) No longer in office or unsuccessful.

(E) Illness, incapacitation, death, or otherwise unable to perform duties.

(F) Fraudulent activity of another caused the violation.

(G) The person has not been issued a Warning Letter within the last five years for the same type of violation.

(2) General Eligibility Requirements for PREP: A respondent is excluded from PREP if they do not meet all of the following eligibility criteria:

(A) Respondent meets all the requirements listed in the PREP agreement., and

(B) Respondents have not participated in PREP or been ordered to pay a penalty for the same type of violation listed in subsection (b) within five years of the date the current violation occurred occurring within the last five years.

(C) Respondent has little or no experience with the section of this title that they violated.

(23) General Eligibility Requirements for both Streamline Programs: A respondent is excluded from both Streamline Tiers if they do not meet all of the following eligibility criteria:

(A) Sign and submit to the Commission a streamline stipulation, decision, and order on a form provided by the Commission,

1 (B) Pay a proposed penalty by cashier's check, electronic payment, or money order in an
2 amount as determined in Regulation 18360.3, and

3 (C) The same person has not paid been ordered to pay a prior penalty to the FPPC for the
4 same type of violation in the same tier Streamline Tier occurring within the last five years.

5 (4) Exclusions from a Warning Letter, PREP and both Streamline Programs: A
6 respondent is excluded from PREP and both Streamline Tiers if evidence shows respondent:

7 (A) Any evidence of an iIntendedt to conceal or deliberately violate the Act or
8 regulations relating to the Act.,

9 (B) Presented the FPPC false or altered evidence or made false statements to the FPPC
10 regarding material facts.,

11 (C) Evidence of iIntentionally interferenced with a witness in the FPPC matter.,

12 (D) Committed a violation where, considering the totality of the circumstances, Tthe
13 extent and gravity of the public harm is more than minimal., or

14 (E) Has other related violations under review for prosecution that are not eligible for a
15 Warning Letter, PREP or a Streamline penalty.

16 (5) Compliance. Respondents must correct the underlying violation(s) by coming into
17 compliance with the requirements of the Act prior to completing PREP or executing a Streamline
18 stipulation. The Executive Director of the Commission, after receipt of a recommendation by the
19 Chief of Enforcement, has discretion to waive this requirement where:

20 (A) The violation relates to non-filing, unreported information, or an advertising
21 disclosure, and the FPPC determines that the outstanding information has been sufficiently
22 disclosed in the stipulation or other public filings,

1 (B) One of the respondents is a committee, and the committee is being or has been
2 administratively terminated,

3 (C) Failure to come into compliance would result in minimal public harm, or

4 (D) Other circumstances do not make it feasible for the respondents to come into
5 compliance.

6 (e) Specific Requirements for Eligibility.

7 (1) Late Statement of Economic Interests. Respondents who failed to timely file a
8 Statement of Economic Interests must file the late statement with the appropriate agency unless
9 the FPPC determines that the information has been sufficiently disclosed in the stipulation and/or
10 other filings.

11 (A) Considerations for a Warning Letter include:

12 (i) The late filed Statement of Economic Interests was a Leaving Office Statement.

13 (ii) The late filed Statements of Economic Interests are the Leaving Office Statement and
14 the Annual Statement that was due within three months of the date the public official left office.

15 (iii) The late filed Statement of Economic Interests was for an expanded filing where one
16 was timely filed but not the other.

17 (AB) Exclusion A violation for late filing of a Statement of Economic Interests is
18 excluded from PREP and Tier One both Streamline: Tiers if the Enforcement Division possesses
19 evidence that the filer also has a conflict of interest violation under Government Code Sections
20 1090 or 87100 involving a late-disclosed economic interest.

21 (B) A violation for late filing of a Statement of Economic Interests is excluded from
22 PREP or Tier One Streamline if the Enforcement Division possesses evidence that a late-
23 disclosed

1 (i) The undisclosed economic interest(s) was from a source that had business before or
2 regularly had business before the filer's agency.

3 (C) Exclusion from a Warning Letter, PREP and both Streamline Programs:

4 (i) The public official also had a conflict of interest violation under Sections 1090 or
5 87100 involving the undisclosed economic interest.

6 (D) Violation eligible for possible inclusion in Tier Two Streamline:

7 (i) The undisclosed economic interest(s) was from a source that had business or regularly
8 had business before the filer's agency.

9 (2) Unreported Economic Interest(s) on a Statement of Economic Interests. Respondents
10 must file an amended Statement of Economic Interests with the appropriate agency disclosing
11 the previously undisclosed economic interest(s) unless the FPPC determines that the information
12 has been sufficiently disclosed in the stipulation and/or other filings.

13 (A) A violation for an unreported economic interest on a Statement of Economic Interests
14 is excluded from PREP and both Streamline Tiers if the Enforcement Division possesses
15 evidence that the filer also has a conflict of interest violation under Government Code Sections
16 1090 or 87100 involving the unreported economic interest. Considerations for a Warning Letter
17 include:

18 (i) Information regarding the economic interest was reported elsewhere on the statement.

19 (ii) The aggregate value of the gift(s) received from the economic interest was minimal
20 (i.e., not more than \$200).

21 (iii) The aggregate value of the income received from the economic interest was minimal
22 (i.e not more than \$1,000).

1 (B) Exclusion from PREP and Tier One Streamline: A violation for an unreported
2 economic interest on a Statement of Economic Interests is excluded from PREP or Tier One
3 Streamline if the Enforcement Division possesses evidence that the

4 (i) The undisclosed economic interest was from a source that had business before or
5 regularly had business before the filer's agency.

6 (C) Exclusion from a Warning Letter, PREP and both Streamline Programs:

7 (i) The public official also had a conflict of interest violation under Sections 1090 or
8 87100 involving the undisclosed economic interest.

9 (D) Violation eligible for possible inclusion in Tier Two Streamline:

10 (i) The undisclosed economic interest was from a source that had business before or
11 regularly had business before the filer's agency.

12 (3) Late Lobbying Reports. Respondents who failed to timely file a lobbying report must
13 file the late report unless the FPPC determines that the information has been sufficiently
14 disclosed in the stipulation and/or other filings.

15 (A) Considerations for a Warning Letter include:

16 (i) The lobbyist was a placement agent not active in the state.

17 (ii) The lobbyist provided the report to the employer or firm who did not file the report.

18 (iii) The total required activity to be reported for that reporting period was not more than
19 \$5,000.

20 (iv) The activity was reported publicly prior to any relevant election.

21 (v) No history of not timely filing reports.

1 (vi) The lobbyist ceased employment with the Lobbyist Employer or Lobbying Firm and
2 the late report was for the calendar quarter corresponding to the month the lobbyist's
3 employment ended.

4 (AB) Exclusions A violation for late filing of a lobbying report is excluded from PREP
5 and Tier One Streamline if the Enforcement Division possesses evidence that:

6 (i) The total required activity to be reported for that reporting period was greater more
7 than \$50,000.,

8 (ii) The individual lobbied without registering., or

9 (iii) Multiple reports not timely filed.

10 (iv) There was evidence of a substantial amount of activity not disclosed in connection
11 with legislative or administrative actions actively lobbied during the period.

12 (iiiv) The undisclosed activity included campaign contributions.

13 (BC) It shall be a factor for consideration of possible inclusion in PREP or Tier One
14 Streamline if:

15 (i) Only one lobbying report was not timely filed; or

16 (ii) There was no evidence of a substantial amount of late-reported activity in connection
17 with legislative or administrative actions actively lobbied. Violations eligible for possible
18 inclusion in the Tier Two Streamline Program:

19 (C) A violation for late filing of a lobbying report is excluded from Tier Two Streamline
20 if the total activity required to be reported was more than \$100,000.

21 (i) The total activity required to be reported for that reporting period was greater than
22 \$50,000 but not more than \$100,000.

23 (ii) Multiple reports not timely filed.

(4) Unreported Lobbying Activity. Respondents must file an amended lobbying report disclosing the previously undisclosed information unless the FPPC determines that the information has been sufficiently disclosed in the stipulation and/or other filings.

(A) Considerations for a Warning Letter include:

(i) The lobbyist, lobbying firm, lobbyist employer, or person had not more than \$5,000 of activity not reported.

(ii) The activity was reported publicly prior to any relevant election.

(AB) Exclusions A violation for unreported lobbying activity is excluded from PREP and Tier One Streamline if the Enforcement Division possesses evidence that:

(i) The total unreported activity for that reporting period was greater than 20% of the activity required to be reported for that reporting period or was greater more than \$50,000,.

(ii) An individual lobbied without registering, or

(iii) There was evidence of a substantial amount of activity not disclosed in connection with legislative or administrative actions actively lobbied during the period.

(iiiv) The undisclosed activity included campaign contributions.

(B) It shall be a factor for consideration of possible inclusion in PREP or Tier One Streamline if the Enforcement Division possesses evidence that:

(i) The unreported activity was less than 20% of the activity required to be reported, or

(ii) There was no evidence of a substantial amount of activity not disclosed in connection with legislative or administrative actions actively lobbied during the period.

(C) Violation eligible for possible inclusion in A violation for unreported lobbying activity is excluded from Tier Two Streamline if:

(i) The total unreported activity for that reporting period was greater more than \$50,000, but not greater than \$100,000.

(5) Receipt of a Gift Over the Limit. If a Respondent receives a gift over the limit, they must return the gift or reimburse the gift giver for the difference between the gift's fair market value and the applicable gift limit.

(A) Considerations for a Warning Letter include:

(i) No evidence that governmental decisions were made or effected regarding the gift giver by the Respondent.

(AB) A violation of the gift limit is excluded Exclusions from PREP and Tier One Streamline: both Streamline Tiers if the Enforcement Division possesses evidence that the filer also has a conflict of interest violation under Government Code Sections 1090 or 87100 involving the source of the gift.

(B) A violation of the gift limit is excluded from PREP or Tier One Streamline if the Enforcement Division possesses evidence that the fair market value of the gift was more than \$200 over the gift limit.

(C) It shall be a factor for consideration of possible inclusion in PREP or Tier One Streamline if:

(i) The gift giver was a named party in, or the subject of, a governmental decision before the Respondent or the Respondent's agency. filer

(ii) Failure to timely reported the gift on a Statement of Economic Interests, if required,.
or

1 (iii) The fair market value of the gift was more than \$200 over the gift limit. The gift
2 giver was not a named party in, or the subject of, a governmental decision before the filer or the
3 filer's agency.

4 (DC) Violations eligible for possible inclusion in A violation of the gift limit is excluded
5 from Tier Two Streamline: if the Enforcement Division possesses evidence that the fair market
6 value of the gift was more than \$1,000 over the gift limit and the filer did not return the gift
7 unused or reimburse the source of the gift for the difference between the gift's fair market value
8 and the applicable gift limit prior to the date the gift was required to be disclosed.

9 (i) The gift giver being a named party in, or the subject of, a governmental decision
10 before the Respondent or the Respondent's agency but did not cause a conflict of interest.

11 (ii) Gift was not timely reported on a Statement of Economic Interests.

12 (iii) The fair market value of the gift being more than \$200 over the gift limit but not
13 more than \$1,000 over the gift limit.

14 (6) Proper Improper Recusal for a Conflict of Interest. A Respondent may be eligible for
15 Tier One Streamline if the Respondent identified a potential conflict of interest regarding the
16 governmental decision and did not take part in the decision but failed to either:

17 (A) A violation of the Act's requirements for proper recusal for a conflict of interest is
18 excluded from both Streamline Tiers if the Enforcement Division possesses evidence that the
19 respondent also has a conflict of interest violation under Government Code Sections 1090 or
20 87100.

21 (B) It shall be a factor for consideration of possible inclusion in Tier One Streamline if
22 the circumstances of the violation were such that the respondent identified a potential conflict of

1 interest regarding the governmental decision and did not take part in the decision but failed to
2 complete no more than one of the following steps:

3 (i) Publicly identify the financial interest that gives gave rise to the conflict of interest or
4 potential conflict of interest in detail sufficient to be understood by the public as detailed in
5 Regulation 18707, subdivision (a);, or

6 (iiB) Properly leave the room until after the discussion, vote, and any other disposition of
7 the matter was concluded.

8 (C) It shall be a factor for consideration of possible inclusion in Tier Two Streamline if
9 the circumstances of the violation were such that the respondent identified a potential conflict of
10 interest regarding the governmental decision and did not take part in the decision but failed to
11 complete both of the steps listed in subsection (B).

12 (7) Late Behested Payment Reports. A Respondent who failed to timely file a behested
13 payment report must file the late report with the appropriate agency unless the FPPC determines
14 that the information has been sufficiently disclosed in the stipulation and/or other filings.

15 (A) Considerations for a Warning Letter include:

16 (i) First-time behested payment report filer.

17 (ii) The report was filed before public discovery and Enforcement contact.

18 (iii) No history of filing late behested payment reports within the preceding 24 months.

19 (iv) The amount reported late was \$30,000 or less for monetary payments or \$50,000 or
20 less for non-monetary payments, for a single behested payment report.

21 (v) The report was filed within 100 days of when it was due.

22 (vi) Respondent provided evidence that more than two efforts were made to obtain the
23 information timely from the maker of the payment.

1 (vii) Only a single behested payment report was late in a six-month period.

2 (AB) Exclusions A violation for a late behested payment report is excluded from a
3 Warning Letter, PREP, and both Streamline Programs Tiers if the Enforcement Division
4 possesses evidence that:

5 (i) The late-reported behested payment resulted in a A perceived or actual personal
6 benefit. For purposes of this regulation, a A “perceived personal benefit” means the Chief of
7 Enforcement believes the evidence sufficiently supports a reasonable belief or strong suspicion
8 that the Rrespondent received a benefit, which includes evidence of a direct benefit to a family
9 member of the Rrespondent, or.

10 (ii) The maker of the late-reported behested payment was a named party in, or the subject
11 of, a proceeding before the respondent’s agency at the time of the payment or within the 12
12 months prior to the payment governmental decision before the Respondent or the Respondent's
13 agency while the decision was pending and within three months before and for three months
14 following the date a final decision was rendered. For purposes of this regulation, “mMaker”
15 includes the individual, the entity and any agent acting as an intermediary. For governmental
16 decisions regarding legislation, “governmental decision” includes only nongeneral legislation as
17 defined in Section 87102.6. “Proceeding” and “before the respondent or the respondent’s
18 agency” have the same meaning as defined in Regulation 18424.

19 (BC) Violations eligible for possible inclusion in It shall be a factor for consideration of
20 possible inclusion in PREP and or Tier One Streamline if:

21 (i) The amount reported late was \$50,000 or less for monetary payments or \$70,000 or
22 less for non-monetary payments, for a single behested payment report., or

1 (ii) The amount required to be reported, when divided by the number of public officials
2 participating in the behest, was \$50,000 or less.

3 (CD) Violations eligible for possible inclusion It shall be a factor for consideration of
4 possible inclusion in Tier Two Streamline if:

5 (i) The amount to be reported on a single, late behested payment report was greater than
6 \$50,000 for monetary payments or was greater than \$70,000 for non-monetary payments but was
7 not more than \$150,000, or.

8 (ii) The amount required to be reported, when divided by the number of public officials
9 participating in the behest, was greater than \$50,000, but was not more than \$150,000.

10 (8) Unreported Information on a Behested Payment Report.

11 (A) A violation for unreported information on a behested payment report is excluded
12 from PREP and both Streamline Tiers if the Enforcement Division possesses evidence that the
13 behested payment resulted in a perceived or actual personal benefit. For purposes of this
14 regulation, a “perceived personal benefit” means a reasonable belief or strong suspicion that the
15 respondent received a benefit, which includes evidence of a direct benefit to a family member of
16 the respondent.

17 (B) It shall be a factor for consideration of possible inclusion in PREP or Tier One
18 Streamline if:

19 (i) The behested payment was \$50,000 or less for monetary payments or \$70,000 or less
20 for non-monetary payments, for a single behested payment report that lacks required
21 information,

1 (ii) The amount of the behested payment, when divided by the number of public officials
2 participating in the behest, was \$50,000 or less for a single behested payment report that lacks
3 required information, or

4 (iii) the violation was a failure to disclose a proceeding under Regulation 18424 and the
5 elected officer or PUC member either did not participate in the proceeding or participated only to
6 the extent that such participation was legally required under Section 87101.

7 (C) It shall be a factor for consideration of possible inclusion in Tier Two Streamline if:

8 (i) The behested payment was not more than \$150,000 for a single behested payment
9 report that lacks required information,

10 (ii) The amount of the behested payment, when divided by the number of public officials
11 participating in the behest, was not more than \$150,000 for a single behested payment report that
12 lacks required information,

13 (iii) The violation was a failure to disclose a proceeding under Regulation 18424 and the
14 proceeding concerned a direct request from the agency to the payor, such as a grant application
15 or modification of existing infrastructure provided by the payor, or

16 (iv) The violation involved failure to disclose status as a founding member of the payee
17 organization or a position on an honorary or advisory board of the payee organization.

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19 NOTE: Authority cited: Section 83112, Government Code. Reference: Section 83116.5,
20 Government Code.